Maestro Swiss Chocolate Sdn Bhd & Ors v Chocosuisse Union Des Fabricants Suisses De Chocolat (a co-operative society formed under title XXIX of the Swiss Code of Obligations) & Ors and another appeal

FEDERAL COURT (PUTRAJAYA) — APPEAL NOS 02(f)-97–12 OF 2012(W) AND 02(f)-42–04 OF 2014(W)

RICHARD MALANJUM CJ (SABAH AND SARAWAK), ABDULL HAMID EMBONG, SURIYADI, AHMAD MAAROP AND ABU SAMAH NORDIN FCJJ

3 FEBRUARY 2016

Trade Marks — Passing off — Extended form of — Locus standi — Whether first plaintiff cooperative society had any business interest or goodwill it was entitled to protect — Whether defendants through use of mark 'Maestro Swiss' wrongfully misrepresented to members of public that their 'Vochelle' chocolates were 'connected' or 'associated' with chocolate products of plaintiffs — Whether Court of Appeal had been misled by plaintiffs to believe that trial judge applied 'comparison test' — Whether use of mark could misrepresent and likelihood of inducing members of public to believe that goods bearing mark belonged to distinctive group of goods under trade name 'Swiss chocolate' — Geographical indicator — Whether first plaintiff had locus standi under Geographical Indications Act 2000 ('GIA') — Whether plaintiffs entitled to rely on statutory protection against unlawful use of geographical indication under the GIA — Whether s 28(2) of GIA should be read into judgment of Court of Appeal instead of s 27(2) — Whether Court of Appeal failed to appreciate that plaintiffs' claim filed after commencement of the GIA

At all material times Chocosuisse Union Des Fabricants Suisses De Chocolat ('the first plaintiff'), was a cooperative society formed in Switzerland, which had the responsibility to protect the worldwide reputation and goodwill of its members, who were chocolate manufacturers in Switzerland. Kraft Food Schweiz AG ('the second plaintiff') and Nestle Suisse SA ('the third plaintiff'), were in the business of manufacturing, supplying, selling and exporting for sale Swiss chocolates to countries worldwide including Malaysia. Being chocolate manufacturers in Switzerland they were also members of the first plaintiff. The plaintiffs claimed that the defendants had wrongfully used the mark 'Maestro Swiss' ('the mark') in relation to their chocolate products and that through the use of the mark the defendants had wrongfully misrepresented to members of the public that the defendants' 'Vochelle' chocolates were 'connected' or 'associated' with the chocolate products of the plaintiffs which shared the goodwill and reputation of being known as or under the trade name of 'Swiss

chocolate'. It was the plaintiffs' contention that the words 'Swiss chocolate' enjoyed distinguishing factors that the chocolate was made entirely in Switzerland and recognised as high quality and premium chocolates. The plaintiffs also relied on the statutory protection against unlawful use of a geographical indication under the Geographical Indications Act 2000 ('the GIA'). In their defence the defendants argued that the plaintiffs did not have any goodwill or reputation associated to their business activities in Malaysia. The defendants also submitted that they had never represented that their chocolates products had connections with Switzerland. According to the defendants, the mark had been used by them since the year 2000 and formed part of the defendants' companies name or logo. As such they argued that the use of the mark could not be regarded as having the effect of misrepresentation to the members of the public in Malaysia. The trial judge found that the first plaintiff had no locus standi to be a party to the claim because it was not a chocolate manufacturer and thus had 'no business interest or goodwill to protect' in Malaysia. The trial judge also found that the defendants had not misrepresented that their chocolate products were in some way connected or associated with the second and third plaintiffs' chocolate products. Thus, the trial judge dismissed the plaintiffs' claim against the defendants for extended passing off and also dismissed the plaintiffs' claim under the GIA. The plaintiffs appealed to the Court of Appeal, which held that the first plaintiff had the requisite locus standi to initiate the action and then went on to allow the plaintiffs' claim against the defendants for passing off in extended form. However, the Court of Appeal dismissed the plaintiffs' claim under the GIA. Both parties were aggrieved by the decision of the Court of Appeal and obtained leave to proceed with the present appeals. The defendants appealed on the grounds that the Court of Appeal had been misled by the plaintiffs to believe that the trial judge had applied the 'comparison test' to find in favour of the plaintiffs (the defendants' appeal). The plaintiffs appealed against the dismissal of their claim under the GIA (the plaintiffs' appeal). In the plaintiffs' appeal the preliminary dispute was whether s 27(2) or s 28(2) of the GIA was before the courts below. This judgment was in respect of both appeals.

Held, dismissing the defendants' appeal against the second and third plaintiffs with costs and allowing the plaintiffs' appeal with costs:

(1) The plaintiffs' claim in the present case was for passing off in the extended form. As such, it was necessary for the plaintiffs including the first plaintiff to show that it too had 'any business interest or goodwill' which it was entitled to protect in an action in Malaysia for passing off against the defendants. Therefore, the trial judge was correct in holding that the first plaintiff did not have 'any business interest or goodwill' which it was entitled to protect in an action in Malaysia for passing off against the defendants. In the circumstances, the claim for passing off in extended form should be confined to the second and third plaintiffs and the Court

of Appeal had erred in finding that the first plaintiff had the requisite locus standi (see paras 29 & 32–33).

(2) The issue as to whether the first plaintiff had the locus standi under the GIA as held by the Court of Appeal was not within the ambit of the defendants' appeal but in relation to the plaintiffs' appeal this issue had to be considered. Upon consideration it was clear that the first plaintiff came within the definition of 'interested person' in s 2, read together with ss 11 and 5 of the GIA, and was thus empowered to commence this action (see paras 35–36).

(3) Having carefully read the judgments of the trial judge and the Court of Appeal, there was no merit in the defendants' submission that the Court of Appeal had been misled by the plaintiffs to believe that the trial judge had applied the 'comparison test', when in fact he had not. The trial judge had held that the second and third plaintiffs were entitled to protection by way of an action for passing off in extended form in the 'right of property in the goodwill attached' to the trade name 'Swiss chocolates', which was distinctive of the chocolate products supplied or sold by them in Malaysia. However, he concluded that the mark was unlikely to lead members of the chocolate-buying ordinary public in Malaysia to believe that the chocolate was a high quality and premium Swiss chocolate. The Court of Appeal, on the other hand, proceeded to consider the issue of 'likelihood of confusion' and hence the use of the mark by the defendants so as to determine whether the use of the mark could misrepresent and had 'the likelihood of inducing the members of the buying public to believe that the goods bearing' the mark, name, description or other indication belonged to the distinctive group of goods under the trade name 'Swiss chocolate'. As such there was no basis to say that the Court of Appeal was misled (see paras 52–58).

(4) Further, the Court of Appeal reviewed the evidence adduced in the form of results of the public survey conducted by the plaintiffs, which was casually dismissed by the trial judge as unreliable. After having dealt with each of the reasons given by the trial judge in not relying on the public survey results the Court of Appeal arrived at the right conclusion on the acceptability of these results of the public survey conducted by the plaintiffs. In the circumstances, the Court of Appeal was correct in its conclusion on the issue of 'likelihood of confusion' in the minds of some members of the public that the chocolate products manufactured and marketed by the defendants came from that distinctive group of 'Swiss chocolates'. Accordingly, there was no reason to disagree with the findings and conclusions of the Court of Appeal (see paras 59–65).

(5) In respect of the plaintiffs' appeal in relation to the GIA it was necessary to discuss whether the plaintiffs were entitled to rely on the statutory protection against unlawful use of a geographical indication under the

GIA. The trial judge was of the view that the Maestro SWISS logo was not used on the defendants' packaging to denote geographical indication. In view of this finding the trial judge had not dealt with either ss 27(2) or 28(2) of the GIA. On the other hand, the Court of Appeal was right to find that the trial judge had erred in coming to his conclusion and that he had not given due consideration to the evidence, which on the balance of probability showed a conscious use of 'Maestro Swiss' on the front part of the packaging so as to give the impression of a link with Switzerland or a Swiss company. It was therefore clear that the Court of Appeal found the use of the mark by the defendants did not come within the requirements of s 28(2) of the GIA for that section to apply. Thus, there was no merit in the defendants' submission that s 28(2) of the GIA should be read into the judgment of the Court of Appeal instead of s 27(2) (see paras 66–74).

(6) However, the Court of Appeal failed to appreciate that the plaintiffs' claim was filed after the commencement of the GIA. Basically the purpose of the plaintiffs in seeking statutory protection was to prevent the defendants from continuing to use the mark post-GIA and not so much for anything done before the commencement of the Act. If the decision of the Court of Appeal in allowing the application under s 27(2) of the GIA was upheld, it would mean that the defendants could continue to use the mark despite the findings of the Court of Appeal that on the balance of probability showed a conscious use of 'Maestro Swiss' on the front part of the packaging so as to give the impression of a link with Switzerland or a Swiss company. That would make s 28(2) of the GIA otiose. Hence, a trademark or indication which was not used in a bona fide way and/or which use caused or was likely to cause confusion or deception to the public was not a protectable geographical indication coming within the GIA or s 27(2) of the GIA and it was only in respect of things done before the GIA came into force on 15 August 2001 that may not be the subject of any legal proceedings. Things done after 15 August 2001 could still be the subject of legal proceedings. Therefore, the Court of Appeal erred in relying on s 27(2) of the GIA to dismiss the plaintiffs' claim under the GIA (see paras 75–80).

[Bahasa Malaysia summary

Pada setiap masa matan Chocosuisse Union Des Fabricants Suisses De Chocolat ('plaintif pertama'), adalah persatuan koperasi telah ditubuhkan di Switzerland, yang mempunyai tanggungjawab untuk melindungi reputasi dan nama baik ahli-ahlinya di seluruh dunia, yang merupakan pengeluar coklat di Switzerland. Kraft Food Schweiz AG ('plaintif kedua') dan Nestle Suisse SA ('plaintif ketiga') menjalankan perniagaan membuat, membekal, menjual dan mengeksport untuk jualan coklat Swiss kepada negara-negara di seluruh dunia termasuk Malaysia. Sebagai pengeluar coklat di Switzerland mereka juga ahli-ahli plaintif pertama. Plaintif-plaintif mendakwa bahawa

defendan-defendan telah salah menggunakan tanda 'Maestro Swiss' ('tanda tersebut') berhubung dengan produk-produk coklat dan bahawa melalui penggunaan tanda tersebut defendan-defendan secara salah memberi gambaran salah kepada orang awam bahawa coklat 'Vochelle' defendan-defendan adalah 'connected' atau 'berkaitan' dengan produk-produk coklat plaintif-plaintif yang berkongsi nama baik dan reputasi dikenali sebagai atau di bawah nama tred 'Swiss chocolate'. Ia adalah hujah plaintif-plaintif bahawa perkataan-perkataan 'Swiss Chocalate' menikmati faktor-faktor yang berbeza bahawa coklat tersebut dibuat keseluruhannya di Switzerland dan mengiktiraf sebagai coklat-coklat premium dan berkualiti tinggi. Plaintif-plaintif juga bergantung kepada perlindungan statutori terhadap penggunaan menyalahi undang-undang berhubung suatu petunjuk geografi di bawah Akta Petunjuk Geografi 2000 ('APG'). Dalam pembelaan mereka defendan-defendan telah berhujah bahawa plaintif-plaintif tidak mempunyai apa-apa reputasi atau nama baik berhubung dengan kegiatan perniagaan mereka di Malaysia. Defendan-defendan juga berhujah bahawa mereka tidak pernah menggambarkan bahawa produk-produk coklat mereka mempunyai hubungan dengan Switzerland. Menurut defendan-defendan, tanda tersebut telah digunakan oleh mereka sejak tahun 2000 dan membentuk sebahagian daripada nama atau logo syarikat-syarikat defendan-defendan. Oleh itu mereka berhujah bahawa penggunaan tanda tersebut tidak boleh dianggap sebagai mempunyai kesan salah nyata kepada orang awam di Malaysia. Hakim perbicaraan mendapati bahawa plaintif pertama tiada locus standi untuk menjadi pihak kepada tuntutan itu kerana ia bukan pengeluar coklat dan oleh itu 'no business interest or goodwill to protect' di Malaysia. Hakim perbicaraan juga mendapati bahawa defendan-defendan tidak salah nyata bahawa produk-produk coklat mereka dalam beberapa cara berkait atau berhubung dengan produk-produk coklat plaintif-plaintif kedua dan ketiga. Oleh itu, hakim perbicaraan telah menolak tuntutan plaintif-plaintif terhadap defendan-defendan untuk kelirupaan yang dilanjutkan dan juga menolak tuntutan plaintif di bawah APG. Plaintif merayu kepada Mahkamah Rayuan yang memutuskan bahawa plaintif pertama mempunyai locus standi yang diperlukan untuk memulakan tindakan dan kemudiannya membenarkan tuntutan plaintif terhadap defendan untuk kelirupaan yang dilanjutkan. Bagaimanapun, Mahkamah Rayuan menolak tuntutan plaintif di bawah APG. Kedua-dua pihak terkilan dengan keputusan Mahkamah Rayuan dan memperoleh kebenaran untuk meneruskan rayuan ini. Defendan merayu atas alasan bahawa Mahkamah Rayuan telah dikelirukan oleh pihak plaintif untuk mempercayai bahawa hakim perbicaraan telah menggunakan 'comparison test' yang memihak kepada plaintif (rayuan defendan). Plaintif merayu terhadap penolakan tuntutan mereka di bawah APG (rayuan plaintif). Dalam rayuan plaintif pertikaian awal adalah sama ada ss 27(2) atau 28(2) APG di hadapan mahkamah bawahan. Penghakiman ini adalah berkenaan dengan kedua-dua rayuan.

Diputuskan, menolak rayuan defendan-defendan terhadap plaintif-plaintif kedua dan ketiga dengan kos dan membenarkan rayuan plaintif-plaintif dengan kos:

(1) Tuntutan plaintif-plaintif dalam kes ini adalah untuk kelirupaan dalam bentuk lanjutan. Oleh itu, ia adalah perlu untuk plaintif-plaintif termasuk plaintif pertama untuk menunjukkan ia juga mempunyai 'any business interest or goodwill' yang mana ia berhak untuk dilindungi dalam suatu tindakan di Malaysia kerana kelirupaan terhadap defendan-defendan. Oleh itu, hakim perbicaraan adalah betul dalam memutuskan bahawa plaintif pertama tidak mempunyai 'any business interest or goodwill' yang dia berhak untuk dilindungi dalam suatu tindakan di Malaysia kerana kelirupaan terhadap defendan-defendan. Dalam keadaan berikut, tuntutan untuk kelirupaan dalam bentuk lanjutan hendaklah terbatas kepada plaintif-plaintif kedua dan ketiga dan Mahkamah Rayuan terkhilaf dalam mendapati bahawa plaintif pertama mempunyai locus standi (lihat perenggan 29 & 32–33).

(2) Isu sama ada plaintif pertama mempunyai locus standi di bawah APG seperti mana diputuskan oleh Mahkamah Rayuan bukan di bawah skop rayuan defendan-defendan tetapi berhubung dengan rayuan plaintif-plaintif isu ini perlu dipertimbangkan. Setelah dipertimbangkan ia jelas bahawa plaintif pertama terangkum di bawah definisi 'interested person' dalam s 2, dibaca bersama ss 11 dan 5 APG, dan oleh itu diberi kuasa untuk memulakan tindakan ini (lihat perenggan 35–36).

(3) Setelah membaca dengan teliti penghakiman-penghakiman hakim perbicaraan dan Mahkamah Rayuan, tidak terdapat merit dalam hujah defendan-defendan bahawa Mahkamah Rayuan telah dikelirukan oleh plaintif-plaitnif untuk mempercayai bahawa hakim perbicaraan telah menggunakan 'comparison test', walhal sebenarnya dia tidak berbuat begitu. Hakim perbicaraan telah memutuskan bahawa plaintif-plaintif kedua dan ketiga berhak mendapat perlindungan melalui tindakan untuk kelirupaan dalam bentuk lanutan dalam 'right of property in goodwill attached' kepada nama tred 'Swiss chocalates', yang berbeza dengan produk-produk coklat yang dibekal atau dijual oleh mereka di Malaysia. Walau bagaimanapun, dia membuat kesimpulan bahawa tanda tersebut tidak mungkin menyebabkan orang awal biasa yang membeli coklat di Malaysia mempercayai bahawa coklat itu berkualiti tinggi dan coklat premium Swiss. Mahkamah Rayuan, sebaliknya, meneruskan untuk mempertimbangkan isu 'likelihood of confusion' dan justeru itu penggunaan tanda tersebut oleh defendan-defendan untuk menentukan sama ada penggunaan tanda tersebt boleh disalah tafsir dan mempunyai 'likelihood of inducing the members of the buying public to believe that the goods bearing' tanda tersebut, nama, deskripsi atau tanda lain yang dimiliki oleh kumpulan tersendiri tentang barangan di bawah nama tred

'Swiss chocolate' itu. Oleh itu tiada asas untuk mengatakan bahawa Mahkamah Rayuan telah dikelirukan (lihat perenggan 52–58).

(4) Selanjutnya, Mahkamah Rayun menyemak keterangan yang dikemukakan dalam bentuk keputusan kaji selidik awam yang dijalankan oleh plaintif, yang ditolak secara bersahaja oleh hakim perbicaraan sebagai tidak boleh dipercayai. Setelah ditangani setiap alasan yang diberikan oleh hakim perbicaraan kerana tidak bergantung kepada kaji selidik orang ramai Mahkamah Rayuan membuat kesimpulan yang betul mengenai kebolehterimaan keputusan kajian umum yang dijalankan oleh pihak plaintif. Dalam keadaan ini, Mahkamah Rayuan adalah betul dalam kesimpulan mengenai isu 'likelihood of confusion' dalam minda sesetengah orang ramai bahawa produk-produk coklat itu dikeluarkan dan dipasarkan oleh defendan-defendan daripada kumpulan tersendiri 'Swiss chocolate' itu. Sewajarnya, tiada sebab untuk tidak bersetuju dengan penemuan dan kesimpulan Mahkamah Rayuan (lihat perengga 59–65).

(5) Berhubung rayuan plaintif-plaintif berkenaan APG, perlu dibincangkan sama ada plaintif-plaintif berhak untuk bergantung kepada perlindungan statutori terhadap penggunaan petunjuk geografi yang menyalahi undang-undang di bawah OAG. Hakim perbicaraan berpendapat bahawa logo Maestro SWISS tidak digunakan pada pembungkusan defendan-defendan untuk menandakan petunjuk geografi. Berdasarkan penemuan ini hakim perbicaraan tidak memperkatakan sama ada tentang ss 27(2) atau 28(2) APG. Sebaliknya, Mahkamah Rayuan adalah betul untuk mendapati bahawa hakim perbicaraan terkhilaf dalam kesimpulannya dan bahawa beliau tidak memberikan pertimbangan sewajarnya terhadap keterangan itu, yang mana atas imbangan kebarangkalian menunjukkan penggunaan 'Maestro Swiss' yang disedari pada muka hadapan pembungkusan untuk memberi gambaran tentang kaitan Switzerland atau syarikat Swiss. Oleh itu adalah jelas bahawa Mahkamah Rayuan mendapati penggunaan tanda tersebut oleh defendan-deefndan tidak terangkum dalam keperluan s 28(2) APG untuk seksyen tersebut terpakai. Oleh demikian, tiada merit dalam hujah defendan-defendan bahawa s 28(2) APG hendaklah dibaca dalam penghakiman Mahkamah Rayuan dan bukan s 27(2) (lihat perenggan 66–74).

(6) Walau bagaimanapun, Mahkamah Rayuan gagal memahami bahawa tuntutan plaintif-plaintif telah difailkan selepas APG bermula. Pada dasarnya tujuan plaintif-plaintif dalam memohon perlindungan statutori adalah untuk mengelakkan defendan-defendan dariapda terus menggunakan tanda tersebut selepas APG dan bukan kerana apa-apa yang telah dilakukan sebelum APG bermula. Jika keputusan Mahkamah Rayuan membenarkan permohonan di bawah s 27(2) APG dikekalkan,

ia bermaksud defendan-defendan boleh terus menggunakan tanda tersebut meskipun penemuan Mahkamah Rayuan bahawa atas imbangan kebarangkalian menunjukkan penggunaan 'Maestro Swiss' yang disedari pada muka hadapan pembungkusan agar memberikan gambaran tentang kaitan dengan Switzerland atau syarikat Swiss. Ini menjadikan s 28(2) APG tak berguna. Justeru, tanda niaga atau petunjuk yang tidak digunakan secara bona fide dan/atau penggunaannya akan menyebabkan atau berkemungkinan menyebabkan kekeliruan atau penipuan kepada orang awam bukan petunjuk geografi yang boleh dilindungi sebelum APG mula berkuatkuasa pada 15 Ogos 2001 yang mungkin tidak tertakluk kepada apa-apa prosiding undang-undang. Perkara yang berlaku selepas 15 Ogos 2001 masih tertakluk kepada prosiding undang-undang. Oleh itu, Mahkamah Rayuan terkhilaf kerana bergantung kepada s 27(2) APG untuk menolak tuntutan plaintif-plaintif di bawah APG (lihat perenggan 75–80).]

Notes

For cases on passing off in general, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2735–2823.

Cases referred to

AG Spalding and Bros v AW Gamage Ltd (1915) 84 LJ Ch 449, HL (refd)
Bollinger v Costa Brava Wine Co Ltd [1960] RPC 16, Ch D (refd)
Chocosuisse Union des Fabricants de Chocolat v Cadbury Ltd [1999] RPC 826, CA (refd)
Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd [1998] RPC 117, Ch D (refd)
Erven Warnink Besloten Vennootschap and another v J Townend & Sons (Hull) Ltd and another [1979] AC 731, HL (refd)
Reddaway (Frank) & Co Ltd v George Banham & Co Ltd [1896] AC 199, HL (refd)
Scotch Whisky Association v JD Vintners Ltd [1997] Eu LR 446, Ch D (refd)
Scotch Whisky Association & Anor, The v Ewein Winery (M) Sdn Bhd [1999] 6 MLJ 280, HC (refd)

Legislation referred to

Geographical Indications Act 2000 ss 2, 5, 11, 27(2), 28(2)
Rules of the High Court 1980
Rules of the Supreme Court [UK] O 15 r 12(1)

Appeal from: Civil Appeal No W-02–602 of 2010 (Court of Appeal, Putrajaya)

SF Wong (CY Loi and YM Khoo with him) (Shearn Delamore & Co) in Appeal No 02(f)-97–12 of 2012(W) for the appellants.

Linda Wang (CP Khon with her) (Zaid Ibrahim & Co) in Appeal No 02(f)-42–04 of 2014(W) for the appellants.
Linda Wang (CP Khon with her) (Zaid Ibrahim & Co) in Appeal No 02(f)-97–12 of 2012(W) for the respondents.
SF Wong (CY Loi and YM Khoo with him) (Shearn Delamore & Co) in Appeal No 02(f)-42–04 of 2014(W) for the respondents.

Richard Malanjum CJ (Sabah and Sarawak) (delivering judgment of the court):

PRELIMINARY

[1] There are two separate appeals before us but heard together. The first appeal is by the four appellants (the first to fourth defendants in the action) while the second appeal is by the three respondents (the first to third plaintiffs in the action).

[2] In this judgment unless otherwise stated the four appellants are collectively referred to as the defendants and the three respondents collectively referred to as the plaintiffs.

[3] On 21 November 2012 this court granted leave to appeal to the defendants ('the first appeal') on the following two questions:

(a) whether there should be two separate and distinct misrepresentation and confusion tests for the classical and the extended form of passing off, despite the both of them being of the same genre and emanating from the same rational and philosophy, ie, them being torts against unlawful and unfair trading? and

(b) whether a trade association who does not itself manufacture and sell products of the trade mark in dispute has the locus standi to sue for common law tort in passing off, whether in its traditional or extended form?

[4] Subsequently, on 3 April 2014 this court also granted the plaintiffs leave to appeal ('the second appeal') on two questions:

(a) 'Whether a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the public is a 'geographical indication' coming within the ambit of s 27(2) of the Geographical Indications Act 2000 ('the GIA')?' and

(b) 'Whether s 27(2) GIA is the governing and/or applicable provision where it is claimed that rights to a trade mark have been acquired

through use in good faith before the commencement of the GIA and thereby, the right to use the trade mark shall not be prejudiced by the GIA?'

BACKGROUND FACTS

[5] The first plaintiff is a cooperative society formed in Switzerland. Its responsibility is to protect the worldwide reputation and goodwill of its members who are chocolate manufacturers in Switzerland. The second and third plaintiffs are chocolates manufacturers in Switzerland and also members of the first plaintiff.

[6] The second and third plaintiffs are in the business of manufacturing, supplying, selling and exporting for sale Swiss chocolates to countries worldwide including Malaysia. Examples of Swiss chocolates exported by the second and third plaintiffs are 'Toblerone' and 'Nestle' chocolates respectively. Both have been supplying chocolates to Malaysia for at least ten years and they claim that they have substantial goodwill and considerable reputation in this country related to the chocolates industry.

[7] The plaintiffs premised their claim against the defendants on the assertion that the defendants had wrongfully used the mark 'Maestro Swiss' ('the mark') in relation to their chocolate products. The plaintiffs pleaded that the wrongful use of the mark amounted to misrepresentation and led to tort of passing off in an extended form.

[8] Basically therefore the plaintiffs are not complaining that the defendants have been misrepresenting to the public that their chocolate products are the products of the plaintiffs, a traditional or classical form of passing off.

[9] What is contended and objected to is that through the use of the mark the defendants have wrongfully misrepresented and thereby 'likely to cause consumers and members of the public to be confused or deceived as to the true place of origin and character of the Defendants' 'Vochelle' chocolates' and that their chocolate products are 'connected' or 'associated' with the chocolate products of the plaintiffs which shared the goodwill and reputation of being known as or under the trade name of 'Swiss chocolate'. It is asserted that the words 'Swiss chocolate' carry the distinctive meaning and reputation as belonging to a class of chocolates manufactured entirely in Switzerland and recognised as high quality and premium chocolates and are also taken by a significant members of the chocolate buying public in Malaysia to be so.

[10] The plaintiffs are also relying on the statutory protection against unlawful use of a geographical indication under the Geographical Indications Act 2000 ('the GIA'). The plaintiffs assert that they are 'interested persons' in respect of the geographical indication 'Swiss' when used in relation to chocolates or chocolates products. As such the plaintiffs alleged that the defendants had used such indication unauthorised and wrongfully. The plaintiffs contended that the words 'Swiss chocolate' enjoyed distinguishing factors that the chocolate is made entirely in Switzerland and recognised as high quality and premium chocolates.

[11] In their defence the defendants argued that the plaintiffs did not have any goodwill or reputation associated to their business activities in Malaysia. In addition, the defendants averred that they never represented their chocolates products have connections with Switzerland. Indeed the mark has been used by the defendants since the year 2000 and formed part of the defendants' companies name or logo. As such the use of the mark could not be regarded as having the effect of misrepresentation to the members of the public in Malaysia.

BEFORE THE HIGH COURT

[12] After a full trial the learned trial judge dismissed the claim of the plaintiffs. As against the first plaintiff the learned trial judge held that it had no locus standi to be a party in claim. It is not a chocolate manufacturer similar to the second and third plaintiffs. As such it has 'no business interest or goodwill to protect' in Malaysia. The learned trial judge substantially followed the reasoning of the English Court of Appeal in *Chocosuisse Union des Fabricants de Chocolat v Cadbury Ltd* [1999] RPC 826 ('Chocosuisse v Cadbury [1999]').

[13] The claim by the second and third plaintiffs was dismissed. The learned trial judge held that the defendants did not misrepresent that their chocolate products are in some way connected or associated with the plaintiffs' chocolate products.

[14] The claim of the plaintiffs under GIA was also dismissed. The learned trial judge was 'unable to accept that the designation or presentation of words 'Maestro Swiss' on the packaging indicates or suggests in a manner, which would invariably mislead and deceive the Malaysian public that the chocolate originates from Switzerland for which the Plaintiffs can take a cause of action under s 5 of the' GIA.

BEFORE THE COURT OF APPEAL

[15] The Court of Appeal allowed the appeal by the plaintiffs against the dismissal of their claim. The court held that the first plaintiff 'has the requisite locus standi to initiate the action under common law as well as under the GIA'.

[16] The Court of Appeal also allowed the claim of the plaintiffs against the defendants for passing off in extended form.

BEFORE THIS COURT

Contentions of parties

For the defendants

A. First appeal

Question 1

[17] On the issue of passing off in extended form learned counsel for the defendants submitted:

(a) that the High Court was not wrong in 'the application of the misrepresentation (confusion and deception test)'. The High Court 'had rightly asked whether the disputed mark by the defendants, Maestro Swiss, in the actual manner of use with all other elements found in their chocolate products and chocolate-related products, would be taken as Swiss chocolate';

(b) that indeed the High Court 'adopted those 'principles of comparison' solely for the purpose of assessing how the defendants' chocolate products and chocolate-related products had been used in the course of trade in the open market. However, the plaintiffs took out of context the mere use of the term 'comparison test' by the High Court. Accordingly the plaintiffs submitted before the Court of Appeal that the High Court misapplied the misrepresentation test';

(c) that as a result the Court of Appeal in its decision considered the facts of the case and placed undue weight on the market survey;

(d) that the Court of Appeal had not truly appreciated that while the different nature of activities indulged by the first plaintiff might unavoidably give rise to goodwill, such 'goodwill was different from the goodwill that would have emanated from the manufacture and sales of chocolate products';

(e) that in fact 'there were never two separate misrepresentation/confusion tests, as the plaintiffs would have' the Court of Appeal believe';

(f) that 'misrepresentation/confusion test for extended form of passing off, ie whether the SWISS CHOCOLATE and the MAESTRO SWISS chocolates must be looked at together with the plaintiffs and the defendants' packaging for their respective chocolate products and or chocolate-related products in determining whether MAESTRO SWISS chocolates are being misrepresented as SWISS CHOCOLATE products';

(g) that 'the test is subsumed and formed part of the misrepresentation/confusion test for passing-off in general';

(h) that it 'must follow thus that the tests for misrepresentation and confusion must be one and the same. There is no reason for them to be different';

(i) that 'there are only two points of distinctions between the traditional and extended forms of passing off that the learned Judges are prepared to concede, namely, extended form of passing off protects traders as a class, rather than individuals; and extended form of passing off only protects descriptive terms;' and

(j) that in view of the Court of Appeal having been misguided due to the approach adopted by the plaintiffs, the Federal Court should therefore be entitled to reconsider the facts of this case particularly in relation to the market survey that did not specifically address the purported features of Swiss chocolate'.

Question 2

[18] In respect of Question 2 learned counsel for the defendants submitted:

(a) that the plaintiffs have no case in relation to the second question posed by the defendant to this court. The first plaintiff, being a mere cooperative society and not involved in the manufacture or sales of chocolate products, did not have the locus standi to commence the action.

B. Second appeal

Questions 1 and 2

[19] As regards the second appeal, learned counsel for the defendants submitted:

(a) that the leave questions of the plaintiffs were granted due to the 'misconceived premise that the Court of Appeal judges had considered s 27(2)' of the GIA when in fact such section was inadvertently referred

to instead of s 28(2) of the GIA;

(b) that this court should correct the error since it would not occasion any miscarriage of justice. Section 27(2) of GIA was never argued before the High Court and Court of Appeal'; and

(c) that it was the finding of the High Court that the disputed mark MAESTRO SWISS & DEVICE was acquired by the defendants through honest bona fide use before the commencement of the GIA on 15 August 2001. As such the 'packaging of the defendants' product bears distinguishing word, which tells both the defendants as Malaysian manufacturers and their chocolate products'.

For the plaintiffs

A. First appeal

Question 1

[20] In response learned counsel for the plaintiffs argued:

(a) that the 'crux of the contention is whether the defendants' use of the 'Maestro SWISS' mark is likely to cause consumers and members of the public to be confused or deceived as to the true place of origin and character of the defendants' 'Vochelle' chocolates, to mistakenly think that the defendants' chocolates are Swiss chocolates or are somehow associated or connected with Swiss chocolates or Switzerland, when this is not true';

(b) that 'what is misrepresentation in extended passing off would also be based on the same fundamental principle underlying all actions in passing off that nobody may represent his goods as the goods of someone else, with only the modification necessary to cater to the specific factual situation in extended passing off arising from the descriptiveness of the term or name to be protected'; and

(c) that in this case the Court of Appeal had correctly concluded that the defendants by their use of the Maestro SWISS mark misrepresented their chocolate products to be Swiss chocolates. As such the court had answered Question 1 of the defendants' appeal.

Question 2

[21] In respect of Question 2 in the first appeal learned counsel for the plaintiffs submitted:

(a) that to 'have a valid action in passing off (whether classic or extended form), an essential requirement is that the claimant's goodwill in his business will be or is likely to be damaged by the defendant's misrepresentation';

(b) that in Malaysia a trade association would be entitled to an action in passing off if it would suffer damage by a defendant's misrepresentation. The case of *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280 is relied upon as the authority for the proposition and accepted by the Court of Appeal. The English case of *Chocosuisse Union des Fabricants de Chocolat v Cadbury Ltd* [1999] RPC 826 was not followed by the Court of Appeal; and

(c) that as such the first plaintiff had the locus standi as a party to this action. Question 2 of the defendants' appeal has therefore been answered in the affirmative.

B. Second appeal

Question 1

[22] In respect of Question 1 in the second appeal learned counsel for the plaintiffs submitted:

(a) that in order to 'be consistent with TRIPS and the Paris Convention and to give effect to Malaysia's obligations thereunder, the answer to the plaintiffs' Question (1) would have to be 'No', in that, a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the public is not a protectable geographical indication coming within the GIA or s 27(2) of the GIA'; and

(b) that 'where a geographical indication was in existence pre-GIA (the Defendants claim that 'Maestro SWISS' was already used pre-GIA), s 27(2) says that it is only in respect of things done before the GIA came into force on 15 August 2001 that may not be the subject of any legal proceedings. Things done after 15 August 2001 may still be the subject of legal proceedings. The plaintiffs' statement of claim was filed on 10 October 2005 well after the GIA came into force. This is another obvious reason why s 27(2) does not apply to the present case'.

Question 2

[23] As for Question 2 in the second appeal learned counsel for the plaintiffs contended:

(a) that 's 27(2) does not refer to nor stipulate on any matters concerning use, whether it be pre- or post-GIA use. This is itself sufficient basis to answer the plaintiffs' Question (2) in the negative, that, s 27(2) is not the governing provision when it is claimed that rights to a trade mark have been acquired through pre-GIA use in good faith';

(b) that as such the High Court and the Court of Appeal erred in concluding that that s 27(2) applied to defeat the plaintiffs' GIA action;

(c) that for 's 28(2) to apply, it unambiguously requires the rights to a trade mark to have been acquired through pre-GIA use in good faith. Applying s 27(2) in place of s 28(2) to govern situations dealing with use pre-GIA will not only be unjustifiably broadening the scope of s 27(2) beyond what s 27(2) unambiguously provides but will also permit the requirement of s 28(2), for rights to have been acquired through use in good faith, to be side-stepped'; and

(d) that in 'any event, the Court of Appeal earlier found on established evidence that the defendants' use of their 'Maestro SWISS' mark was not bona fide use but was misleading and deceptive use giving rise to a false impression of a link with Switzerland and/or Swiss chocolates. Thus, no rights to the 'Maestro SWISS' mark could have been acquired by the defendants to invoke s 28(2). The requirement that the pre-GIA use must be in use good faith is not satisfied here for s 28(2) to apply'.

[24] Thus, learned counsel for the plaintiffs submitted that for Question 2 in the second appeal the answer must also be in the negative and that the appeal should be allowed.

FINDINGS OF THIS COURT

[25] We have noted the approach adopted by the courts below. For the sake of consistency we propose to take the same approach. We will therefore consider first the issue of locus standi of the first plaintiff contained in Question 2 of the first appeal.

[26] The learned trial judge relied on decision of the English Court of Appeal in *Chocosuisse v Cadbury [1999]* which made reference to an earlier case of *Scotch Whisky Association v JD Vintners Ltd* [1997] Eu LR 446 while the Court of Appeal adopted and approved the decision in *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280 as the exposition of the common law position.

[27] Unfortunately, in *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* the High Court judge did not mention or refer to *Chocosuisse v Cadbury [1999]*. There was no discussion on that case or any reason for not

considering it. In fact there was no reference to any authority decided by the courts in Malaysia or elsewhere when the learned High Court judge made this pronouncement at p 286:

> The first plaintiffs have both pecuniary and other interests in preventing damage to the goodwill of their members, all of whom are distillers and/or blenders and/or exporters of Scotch Whisky. The first plaintiffs collect subscriptions from their members to enable them to carry out their objects, which include the protection of the interests of the Scotch Whisky trade by means of legal proceedings. One of the principal interests of the Scotch Whisky trade is the goodwill in Scotch Whisky worldwide. If the goodwill in Scotch Whisky in Malaysia is being damaged by unlawful acts, it is the first plaintiffs' duty to take legal proceedings to protect the said goodwill. Furthermore, if such action is not taken and the goodwill in Scotch Whisky is damaged, the members of the first plaintiffs will be less willing and less able to pay subscriptions to the first plaintiffs.

[28] We recognise the logic in what was said by the learned High Court judge in the *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd*. But, with respect, we are unable to find in the judgment whether he was merely regurgitating an established common law principle on locus standi of trade association in passing off action or making a pronouncement of the common law principle for Malaysia on the subject. Most likely the judgment of the English Court of Appeal was not available at that point in time. But surprisingly even the Court of Appeal in this instant case chose to ignore *Chocosuisse v Cadbury [1999]* preferring to cite the first instant decision in *Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd* [1998] RPC 117 in which Laddie J briefly quoted Lord Diplock's speech in the *Erven Warnink Besloten Vennootschap and another v J Townend & Sons (Hull) Ltd and another* [1979] AC 731 ('the Advocaat' case) to substantiate his reasoning.

[29] Meanwhile, as said above the claim of the plaintiffs including the first plaintiff is for passing off in the extended form. As such it is necessary for the plaintiffs including the first plaintiff to show that it too has 'any business interest or goodwill' which it is entitled to protect in an action in Malaysia for passing off against the defendants.

[30] In this instant case the learned trial judge found as a fact that the first plaintiff failed to show that it had satisfied the requirement while the Court of Appeal did not deal with the issue preferring only to rely on *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd*.

[31] The English Court of Appeal in *Chocosuisse v Cadbury [1999]* clearly ruled that a mere trade association does not have the locus standi to sue whether in its own right or in a representative capacity under O 15 r 12(1) of the former English Rules of the Supreme Court 1965. There is an equivalent order under

our former Rules of the High Court 1980 which is the relevant rules for this instant case. But the first plaintiff is not acting in a representative capacity. As such it is an academic point.

[32] And Professor Christopher Wadlow in his book 'The Law of Passing-off Unfair Competition by Misrepresentation 4th Edition' wrote this at p 135 (3-043):

> ... It is more than arguable that Chocosuisse provided its services wherever Swiss chocolate was eaten or counterfeited, and that its goodwill extended correspondingly widely. However, such goodwill as it may have had in England was of a very narrow character and was not at risk of being damaged by what Cadbury were doing.

[33] Accordingly and with respect we are therefore of the view that the learned trial judge was correct in holding that the first plaintiff did not have 'any business interest or goodwill' which it is entitled to protect in an action in Malaysia for passing off against the defendants. As such in this instant case the decision of the Court of Appeal on this issue cannot be sustained. Henceforth, our reference to the plaintiffs in relation to the claim for passing off in extended form is therefore confined to the second and third plaintiffs.

[34] Our answer to Question 2 in the first appeal is therefore in the negative.

[35] As to whether the first plaintiff has the locus standi under GIA as held by the Court of Appeal this is not within the ambit of Question 2 in the first appeal.

[36] However, for completeness and not in relation to Question 2 we are inclined to agree with the Court of Appeal that the first plaintiff comes within the definition of 'interested person' in s 2, read together with ss 11 and 5 of the GIA 'the cumulative effect of which empowers' the first plaintiff 'to commence this action'.

[37] In respect of Question 1 in the first appeal, learned counsel for the parties are in fact on common ground. Sieved from their submissions it is clear that both sides are on the same page in relation to the test applicable for classical or traditional form of passing off and passing off in extended form. Both agreed, albeit differing in their wordings, that in fact for classical or traditional passing off as well as passing off in extended form, the test is premised generally on the same principle in that, as submitted by learned counsel for the plaintiffs, 'nobody may represent his goods as the goods of someone else'. However, for passing off in extended form there is the need for 'modification necessary to cater for the specific factual situation arising from the descriptiveness of the

A term or name to be protected'. Or as learned counsel for the defendants submitted, in fact 'there were never two separate misrepresentation/confusion tests'.

B **[38]** As such in answer to Question 1 in the first appeal there is no issue of having 'two separate and distinct misrepresentation and confusion tests for the classical and the extended form of passing off'.

C **[39]** Indeed it should be noted that basically there is only one tort of passing off based on the recognition that misrepresenting one's own goods as the goods of someone else is not a separate genus of actionable wrong but a particular species of wrong included in a wider genus. In fact long before the concept of passing off in extended form was fully recognised Lord Herschell in *Reddaway (Frank) & Co Ltd v George Banham & Co Ltd* [1896] AC 199 at p 211 when, in speaking of the deceptive use of a descriptive term, said this:

D

> I am unable to see why a man should be allowed in this way more than in any other to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival.

E **[40]** And in *AG Spalding and Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449 the 'right the invasion of which is the subject of passing off actions as being the property in the business or goodwill likely to be injured by the misrepresentation' was identified (see also: *Bollinger v Costa Brava Wine Co Ltd* [1960] RPC 16 ('the Spanish Champagne case')). These cases confirmed the concept of passing off in extended form.

F

[41] Subsequently, the House of Lords in *Advocaat*'s case eruditely discussed the concept and the test applicable.

G **[42]** Lord Diplock in his leading speech in *Advocaat*'s case began by stating that the cause of action of the plaintiffs was not the classic form of passing off but in an extended form. The House of Lords was therefore invited to consider whether it should give its seal of approval to the concept.

H **[43]** His Lordship went on to list five characteristics which must be present in order to create a valid cause of action for passing off namely:

(1) a misrepresentation;

I (2) made by a trader in the course of trade;

(3) to prospective customers of his or ultimate consumers of goods or services supplied by him;

(4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and

(5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

[44] However, a caution given by Lord Diplock must not be overlooked. He said this at pp 742–743:

'In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off. ... in an economic system which has relied on competition to keep down prices and to improve products there may be practical reasons why it should have been the policy of the common law not to run the risk of hampering competition ...' ... The market in which the action for passing off originated was no place for the mealy mouthed; advertisements are not on affidavit; exaggerated claims by a trader about the quality of his wares, assertions that they are better than those of his rivals even though he knows this to be untrue, have been permitted by the common law as venial 'puffing' which gives no cause of action to a competitor even though he can show that he has suffered actual damage in his business as a result.

[45] Meanwhile, Lord Frazer of Tullybelton in the same case said this at pp 755–756:

... the plaintiff is entitled to protect his right of property in the goodwill attached to a name which is distinctive of a product or class of products sold by him in the course of his business. It is essential for the plaintiff in a passing off action to show at least the following facts:

(1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;

(2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;

(3) that because of the reputation of the goods, there is goodwill attached to the name;

(4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value;

(5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

...

... it is not every falsehood told by a competitor that will give him a right of action. But where the falsehood is a misrepresentation that the competitor's goods are goods of definite class with a valuable reputation, and where the misrepresentation is likely to cause damage to established traders who own goodwill in relation to that class of

A goods, business morality seems to require that they should be entitled to protect their goodwill. The name of the tort committed by the party making the misrepresentation is not important, but in my opinion the tort is the same in kind as that which has hitherto been known as passing off.

B **[46]** In this instant case the learned trial judge on the evidence before him said this:

... the class of goods to which the trade name 'Swiss chocolates' applies is the class of chocolates, which meet the distinguishing factors as pleaded by the plaintiffs where they are manufactured entirely in Switzerland and recognised as high quality and premium chocolate.

C

[47] In other words the learned trial judge accepted that the trade name 'Swiss chocolates', to the chocolate buying public in Malaysia, has the goodwill and reputation of being high quality and premium chocolates manufactured entirely in Switzerland. And that the second and third plaintiffs are entitled to protect by way of an action for passing off in extended form the 'right of property in the goodwill attached' to the trade name 'Swiss chocolates' which is distinctive' of the chocolate products supplied or sold by them in Malaysia.

D

E

[48] Having made those findings the learned trial judge asked himself 'whether the use of the words Maestro SWISS by the defendants on their chocolate product, in the circumstances of the present case, has led or is likely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is a Swiss chocolate'.

F

[49] The learned trial judge also observed that the word 'Swiss chocolates' was never on the packaging of the defendants' products and emphasised that the use of the mark on their chocolate products was not in any way connected or associated to the use of the word 'SWISS' alone.

G

[50] Hence, upon seeing and examining the defendants' VOCHELLE get up and packaging, taking into account other factors such as the printed words on packaging of the defendants' products expressing that the defendants were Malaysian manufacturer, the learned trial judge concluded that:

H

... Any suggestion of a possibility of a damaging association or deception and confusion capable of giving rise to a cause for complaint founded in passing off or unfair trade competition is negated.

I

...

... the use of the words 'Maestro Swiss' by the defendants on their chocolate product, in the circumstances of the present case is unlikely to lead members of the chocolate-buying ordinary public in Malaysia to believe that the chocolate is a high quality and premium Swiss chocolate.

[51] Before us as alluded above learned counsel for the defendants submitted that the Court of Appeal was misled by the plaintiffs that the learned trial judge had applied the 'comparison test' when in fact he did not. Accordingly we will proceed to examine if there is any merit in the submission by learned counsel for the defendants.

[52] Having carefully read the judgments of the learned trial judge and the Court of Appeal, we do not think there is any merit in the submission of learned counsel for the defendants.

[53] Indeed on one hand this is what the learned trial judge said:

> Now, the principles of comparison, as can be seen from decided cases such as the Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia* [1998] 4 MLJ 105; [1998] 4 CLJ Supp 24, and *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* dictate that marks must be compared in their entireties set against circumstances of each mark's respective uses in the course of trade before any determination of likelihood of confusion or deception may be arrived at. Consideration must therefore be given to the other words, marks and devices as a whole and not merely one element in it.

[54] On the other hand the Court of Appeal said, inter alia:

> ... that in an action for passing off such as the one before us, which has been termed as 'an extended passing off', the grievance is not that the use by the alleged infringer of such mark, name, description or other indication on his goods may induce members of the buying public to believe that the goods are manufactured by the complainant, but that such use has the likelihood of inducing the members of the buying public to believe that the goods bearing the impugned mark, name, description or other indication belong to a distinctive group of goods with recognisable and distinctive qualities that has acquired a certain goodwill and reputation.
>
> ...
>
> ... that in an 'extended' passing off action such as this, the damage or likelihood of damage to be proved is to the reputation and goodwill that have been acquired by goods belonging to that distinctive group.

[55] The Court of Appeal accepted the finding of the learned trial judge that the description 'Swiss chocolate' connotes 'a class of chocolates which 'meet the distinguishing factors as pleaded by the plaintiffs where they are manufactured entirely in Switzerland and recognised as high quality and premium chocolate'.

[56] And the Court of Appeal proceeded to consider the issue of 'likelihood of confusion' and hence the use of the mark by the defendants.

[57] Briefly we would say that the Court of Appeal was more concerned and rightly so whether the use of the mark could misrepresent and 'has the likelihood of inducing the members of the buying public to believe that the goods bearing' the mark, name, description or other indication belong to 'the distinctive group of goods' under the trade name 'Swiss chocolate' with the 'recognisable and distinctive qualities that has acquired a certain goodwill and reputation'.

[58] As such we do not think there is any basis to say that the Court of Appeal was misled. At any rate it would appear from his judgment that the 'comparison test' was very much in the mind of the learned trial judge.

[59] Anyway, the Court of Appeal reviewed the evidence adduced including results of the public survey (exh P106) conducted by the plaintiffs which was casually dismissed by the learned trial judge as unreliable for three reasons, namely:

(a) that 'the survey does not represent a true cross section of the chocolate-buying public in Malaysia. The methodology adopted by PW5 when conducting the survey was by approaching passers-by near offices and supermarkets within Kuala Lumpur and Klang Valley only';

(b) that 'the questions asked in the survey form were leading questions. The question presupposes that SWISS chocolates concept existed'; and

(c) that 'the surveys were conducted from 6–9 October 2009, four years after the filing of the present action'.

[60] Despite the reservations made by the learned trial judge, the Court of Appeal said this:

> We agree that the court must be cautious in considering and accepting a survey conducted by or on behalf of only one party in a dispute. However, being cautious is not equivalent to total disregard of such surveys. In our view the learned High Court Judge erred in not giving any consideration at all to the results of the random survey conducted by PW5.

[61] And having dealt with each of the reasons given by the learned trial judge in not relying on the public survey results the Court of Appeal said this:

> The result of the survey indicate that some members of the public are likely to be confused into believing that the Vochelle brand of chocolates produced and marketed by the respondents originated from Switzerland or are Swiss chocolates.
>
> It is true that the result of the survey cannot be the basis for concluding that such likelihood of confusion existed, but they do support the evidence of PW6 and PW7, both of whose evidence shows the existence of such likelihood.

[62] We fully endorse what the Court of Appeal said on the acceptability of the results of the public survey conducted by the plaintiffs.

[63] We are also of the view that the Court of Appeal was correct in its conclusion on the issue of 'likelihood of confusion' when it said this:

> In our view, had the learned High Court judge given due consideration to all the evidence before him, he would have come to the conclusion, as we have, that there is a likelihood of confusion in the minds of some members of the public that the chocolate products manufactured and marketed by the respondents come from that distinctive group of 'Swiss chocolates'.

[64] Accordingly, we find no reason to disagree with the above findings and conclusions of the Court of Appeal. And as indicated above the issue of different tests having been considered by the Court of Appeal did not arise.

[65] Our answer to Question 1 in the first appeal is therefore in the negative.

[66] We now come to the second appeal. From the submissions of learned counsel for the parties the preliminary dispute is whether ss 27(2) or 28(2) of the GIA was before the courts below. In our view it is a matter of reading the respective judgments. Meanwhile, in view of our concurrence with the Court of Appeal on the locus standi of the first plaintiff under GIA, our reference to plaintiffs in this second appeal would include the first, second and third plaintiffs.

[67] The learned trial judge after having considered whether there was any basis for the plaintiffs to claim under GIA proceeded to dismiss it. He said this, inter alia:

> Geographical indication is an indication of source; the indication connects a product to a particular geographical location. It is used to describe goods that originate from particular geographic area. For instance, 'Sarawak Pepper' is a geographical indication for pepper, which is produced in Sarawak, and 'Sabah Tea' is an indication for tea from Sabah.
>
> ...
>
> The question now arises is whether Maestro SWISS as used on the Defendants packaging get up denote geographical indication within the GI Act. In my opinion, Maestro SWISS logo is not used on the Defendants' packaging to denote geographical indication. It is not a geographic indicator, unlike 'Sarawak Pepper' or 'Sabah Tea'. I am unable to accept the proposition that the words 'Maestro Swiss' inform consumers that the chocolate comes from Switzerland and that it possesses the qualities or characteristics for which that place is known. The packaging of the defendants' product bears distinguishing word, which tells both the defendants as Malaysian manufacturers and their chocolates products ... I am unable to accept that the designation or presentation of words 'Maestro Swiss' on the packaging

A indicates or suggests in a manner, which would invariably mislead and deceive the Malaysian public that the chocolate originates from Switzerland for which the plaintiffs can take a cause of action under s 5 of the GI Act.

...

B ... the manner Maestro SWISS and device logo is presented and stylised is intended to be a corporate logo; it is used as part of the corporate image of the defendant group of companies as the words. 'Maestro Swiss' form part of the names of the defendants.

C **[68]** In view of his finding the learned trial judge did not have to deal with either ss 27(2) or 28(2) of the GIA.

[69] The Court of Appeal disagreed with the learned trial judge and said this:

D The learned High Court judge was of the view that the words 'Maestro swiss' do not constitute a geographical indication. The Appellants contention however was that the word 'Swiss' in Maestro Swiss – was sufficient to indicate that the products to which the word was applied come from Switzerland.

E We have carefully perused the grounds of judgment of the learned High Court judge and found that the learned High Court judge had dismissed the appellants' claim under the GIA solely on the ground that the impugned words are not a geographical indication.

We are of the view that in the light of the definition of the term 'geographical indication' in s 2 of the GIA and the evidence before the High Court, the learned High Court judge erred in coming to that conclusion.

F However, we took note of the fact that the learned High Court judge had accepted the evidence of DW3 that the use of the geographical indication being challenged in this case pre-dated the date of commencement of the GIA. In those circumstances, we agree with the respondents that sub-s 27(2) of the GIA applies and thus the appellants claim under the GIA must fail.

G

[70] The meaning of 'geographical indication' in GIA is provided for under s 2. It reads:

In this Act, unless the context otherwise requires –

H geographical indication' means an indication which identifies any goods as originating in a country or territory, or a region or locality in that country or territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin.

I **[71]** And s 5 of the GIA reads:

(1) Any interested person may institute proceedings in the Court to prevent, in respect of geographical indications –

(a) the use in the course of trade of any means in the designation or

presentation of any goods that indicates or suggests, in a manner which misleads the public as to the geographical origin of the goods, that the goods in question originate in a geographical area other than the true place of origin;

(b) any use in the course of trade which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention as set out in the Schedule;

(c) any use in the course of trade of a geographical indication which, although literally true as to the country, territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another country, territory, region or locality; or

(d) any use in the course of trade of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or a geographical indication identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the wines or spirits is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style' or 'imitation'.

(2) The Court may grant an injunction to prevent any unlawful use of the geographical indication and award any damages and any other legal remedy or relief as it deems fit.

[72] Meanwhile, it is important to note that the Court of Appeal after reviewing the evidence before it came to these findings:

> We have carefully examined the evidence adduced before the High Court. We found that the learned High Court judge had, unfortunately, not given due consideration to the evidence before the court which on the balance of probability shows a conscious use of 'Maestro swiss' on the front part of the packaging so as to give the impression of a link with Switzerland or a Swiss company.
>
> PW2 was in fact part of the team that created the 'Vochelle' brand name/trade mark. The history of the development of that brand shows that there was a conscious effort to create the impression of a link to Switzerland for marketing purposes.
>
> ...
>
> The evidence of PW2 was that the brand name 'Vochelle' was created to compensate for the loss of Chocolate Products (M) Bhd's contract to manufacture and market the 'Van Houten' brand of Dutch chocolates.
>
> To overcome the possible non-acceptance of locally-manufactured chocolates amongst the local consumers, the company took the move of registering a company in Switzerland, calling it Chocolate Vochelle SA, which was a subsidiary of Chocolate Products (M) Bhd. The choice of Switzerland was deliberate, in view of the reputation of Swiss made chocolates.
>
> The management then marketed 'Vochelle', giving the impression of the existence of a Swiss connection by giving the impression that the chocolates were

manufactured under licence from a Swiss company. 'Vochelle', which was manufactured at Chocolate Product (M) Bhd's factory in Mak Mandin Industrial Estate in Penang, in reality had no Swiss origin nor connection.

It is quite significant that the manufacturer's details state that the chocolates are manufactured 'UNDER LICENCE AND AUTHORITY OF THE TRADE MARK OWNER', who is not named, although evidence shows that the trade mark owner is Maestro Suisse Holdings (HK) Ltd.

Thus, the original impressions sought to be created starting from the incorporation of Chocolate Vochelle SA (which has been renamed and is now in liquidation, according to PWI), were being continued and perpetuated by the Respondents in double measure by the use of the device Maestro swiss – on the front part of the packaging.

That they have apparently succeeded in creating and maintaining that impression can be seen from the evidence of PW6 as shown in answer 25 in her witness statement (for which she was not cross-examined), and from the various online shopping sites (relevant of pages of which were adduced and admitted in evidence but not addressed at all by the learned High Court judge).

Had the learned High Court judge given due consideration to the evidence before the court we believe he would have concluded, as we have, that the use of the device 'Maestro swiss' in the circumstances of this case was not a bona fide use of the respondents' corporate name and/or logo.

[73] Hence, in view of the findings of the Court of Appeal which are quite contrary to that of the learned trial judge, it is therefore clear that the Court of Appeal found the use of the mark by the defendants did not come within the requirements of s 28(2) of the GIA which reads:

28(2) Where a trade mark has been applied for or registered in good faith, or where rights to a trade mark have been acquired through use in good faith either –

(a) before the commencement of this Act; or

(b) before the geographical indication is protected in its country of origin,

this Act shall not prejudice the registrability or the validity of the registration of the trade mark, or the right to use the trade mark, on the basis that such a trade mark is identical with or similar to a geographical indication.

[74] We are therefore inclined to agree with the submission of learned counsel for the plaintiffs that 'no rights to the 'Maestro Swiss' mark could have been acquired by the defendants as to invoke s 28(2). The requirement that the pre-GIA use must be in use good faith is not satisfied here for s. 28(2) to apply'. Thus, we find no merit in the submission of learned counsel for the defendants that s 28(2) of the GIA should be read into the judgment of the Court of Appeal instead of s 27(2).

[75] Next, we now deal with whether or not the Court of Appeal was correct when it said that 'the use of the geographical indication being challenged in this case pre-dated the date of commencement of the GIA. In those circumstances, we agree with the Respondents that sub-s 27(2) of the GIA applies and thus the appellants claim under the GIA must fail'.

[76] Section 27(2) reads:

> In respect of a geographical indication in existence before the commencement of this Act, no suit or proceedings shall be brought under this Act for anything done before the commencement of this Act.

[77] With due respect we are of the view that the Court of Appeal failed to appreciate that the claim of the plaintiffs was filed after the commencement of GIA. Basically the purpose is to prevent the defendants from continuing to use the mark post-GIA and not so much for 'anything done before the commencement of the Act'.

[78] In his submission learned counsel for the defendants did not rely on s 27(2). According to him the Court of Appeal inadvertently referred to it. With respect we disagree. It is patently clear that the Court of Appeal, albeit erroneously and not inadvertently, was consciously referring to s 27(2) of the GIA.

[79] If the decision of the Court of Appeal in allowing the application of s 27(2) is upheld it would mean that the defendants could continue to use the mark despite the findings of the Court of Appeal that 'on the balance of probability shows a conscious use of 'Maestro Swiss' on the front part of the packaging so as to give the impression of a link with Switzerland or a Swiss company' and that the 'use of the device 'Maestro Swiss' in the circumstances of this case was not a bona fide use of the respondents' corporate name and/or logo.' That would make s 28(2) otiose.

[80] Hence, for the above reasons we are inclined to agree with learned counsel for the plaintiffs 'that, a trade mark or indication which is used not in a bona fide way and/or which use causes or is likely to cause confusion or deception to the public is not a protectable geographical indication coming within the GIA or s 27(2) of the GIA' and it 'is only in respect of things done before the GIA came into force on 15 August 2001 that may not be the subject of any legal proceedings. Things done after 15 August 2001 may still be the subject of legal proceedings'. With respect the Court of Appeal therefore erred in relying on s 27(2) of the GIA to dismiss the claim of the plaintiffs under GIA.

A CONCLUSION

[81] Accordingly, our answers to the Questions 1 and 2 in the first appeal are in the negative. As for the second appeal our answers to Questions 1 and 2 are also in the negative.

B

[82] In the upshot we dismiss the appeal with costs by the defendants in the first appeal in relation to the second and third plaintiffs and allow the appeal with costs by the plaintiffs in the second appeal.

C

[83] We hereby allow the orders as prayed for in paras 40(1)(a), (b), (c); 40(3), (4), (5), (7), (8) and (9) of the amended statement of claim.

Defendants' appeal against second and third plaintiffs dismissed with costs and plaintiffs' appeal allowed with costs.

D

Reported by Kohila Nesan

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